Fraudulent Encashment of KVPs/NSCs

108. SHRI ABANI ROY: Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether a Central Audit into the functioning of Postal circles of Delhi, U.P. and West Bengal has revealed a major scam involving fraudulent encashment and missing of KVPs and NSCs;

(b) if so, the total amount involved in such scam and the details of the modus-operandi of the scam;

(c) whether Government have failed to nab the culprits involved in the scam;

(d) if so, the reasons therefor; and

(e) the steps taken by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS (SHRI TAPAN SIKDAR): (a) to (e) Savings certificates including Kisan Vikas Patras (KVPs), Indira Vikas Patras (IVPs) and National Savings Certificates (NSCs) were lost in transit from the custody of Railways during the years 1994—97 while being transported from India Security Press (ISP) Nasik to Circle Stamp Depots across the country before their delivery to the Department of Posts (DOP). The cases of fradulent payment of such lost certificates were first detected by the Department in eleven post offices in Delhi in December 1996 and the cases were reported to the State Police authorities immediately for investigations besides undertaking departmental invstigations. The first report of the Central Audit on the subject was received by the DOP and more cases were gradually unearthed.

The CAG in their latest report No. 6 of 1999 have mentioned the loss of savings certificates amounting to Rs. 151.80 crores in transit from the custody of Railways in West Bengal Postal Circle. This report also makes mention of the loss of Savings certificates worth Rs. 185.25 crores in transit to Assam and Bihar circles during 1994—97. It also indicates fraudulent encashment out of these lost savings certificates during the

period 1997—99 to the tune of Rs. 30.87 lakhs in Delhi Circle, Rs. 99.47 lakhs in Uttar Pradesh Circle and Rs. 2.72 lakhs + Rs. 0.50 lakhs, i.e. Rs. 3.32 lakhs in West Bengal Circle.

The factual position of the entire country in the case as on date as per detailed DOT investigations is that the total face value of savings certificates including IVPs, KVPs and NSCs lost in transit from the custody of Railways during 1994—98 meant for all the nineteen circles is Rs. 487 crores with the break-up as per the enclosed statement. (*See* below).

The factual position of total amount of fraudulent encashment in the country till date out of the lost savings certificates of face value amounting to Rs. 487 crores in all the nineteen circles is Rs. 4.7097 crores during the period 1994—98 with the following circle-wise break-up.

	Circle		Amount (Rs. in crore)
1.	Delhi	—	3.54
2.	U.P.	—	0.9947
3.	Haryana	—	0.1750
4.	All Other Circles	—	Nil
	GRAND TOTAL	—	4.7097 Crores

The fraudulent encashment of Rs. 0.50 lakh in West Bengal Circle mentioned in the CAG Report does not pertain to such savings certificates lost in transit from Railway custody, but to the genuinely issued savings certificates (NSCs) lost from the investor's custody where the DOP has no liability. NSCs amounting to Rs. 2.72 lakhs reported as fraudulently encashed in West Bengal Circle in 1995-96 actually pertain to theft of blanks NSCs from Goskara P.O. of Burdwan Division, West Bengal, which have not yet been fraudulently encashed.

Modus Operandi adopted by the miscreants involved stealing of blank savings certificates from the Railway wagons while the certificates were being transported to respective destinations, from

the custody of Railways. The miscreants showed some of these stolen certificates as issued with back date by making use of the fake and fabricated stamps and seals of post offices with criminal intent. The miscreants then got these fraudulently issued certificates encashed from some post offices in Delhi, U.P. and Haryana Circles with connivance of the lower postal functionaries/staff on the basis of identity slips and fake verification reports without following the laid down procedures and the rules of the Department.

Following corrective measures have been taken by the Department to check the loss of certificates in transit and their fraudulent encashments:—

(i) The Department of Posts has circulated the numbers and series of the savings certificates lost in transit from the custody of Railways till date to all the post offices in the country so as to guard against their fraudulent encashment from any of the post office.

(ii) Department has also informed Reserve Bank of India about the complete details of the lost certificates so that R.B.I.in turn can circulate the series nos. to various nationalised, cooperative and private banks in the country for averting fraudulent pledging of these certificates to get loans.

(iii) The matter has also been reported to the CBI which is actively investigating the case. CBI has revealed that they have been able to bust a gang in Delhi area which were involved in fraudulent encashment of certificates from Mangolpuri (Ashok Vihar H.O.) Post Office in Delhi. Four of the miscreants from outside the Department have been arrested and are presently in jail and two of them are absconding. Seven of the Departmental officials have been arrested and one is absconding. Two of bank officials involved in the case have also been arrested. Thirty seven of the Departmental officials have been proceeded against for imposition of major penalty under the conduct rules. The matter is being vigorously pursued with the CBI for expediting the investigation so as to apprehend all the cultprits. Besides, Rs. 19.90 lakhs in U.P. Circle and Rs. 24 lakhs in Delhi Circle *i.e.* altogether Rs. 43.93 lakhs have so far been recovered from

departmental officials whose contributory negligence facilitated the fraudulent encashment.

(iv) Department has also circulated instructions from time to time to all the Circles and Post Offices to guard against any such fraudulent payments in future. The staff has been directed to strictly follow the laid down procedures and rules while disbursing the encashments of savings certificates. Department has also proposed changes in the mode of transportation of the savings certificates from ISP Nashik to various Circle Stamp Depots. The proposal for transportation by using Express Parcel Post has been agreed to by Department of Economic Affairs, Ministry of Finance.

(vi) Presently the consignments are being transported from ISP, Nashik to various CSDs in country by road under escort from concerned circle and there has been no loss in transit of consignment despatched from ISP, Nashik since 1998.

(vii) The payment on discharge of certificates over Rs. 20000 to any single part has been ordered to be made through a cheque rather than by cash from post Office.

Statement

Details of Loss of Savings Certificates in Transit from the Custody of Railways during 1994—97 meant for all 19 Circles.

	Circle		Amount (Rs. in Crores)
1.	Andhra Pradesh	—	Nil
2.	Assam	—	173.150
3.	Bihar	—	39.7000
4.	Delhi	—	0.0810
5.	Gujarat	—	0.0001
6.	Haryana	—	13.0200
7.	Haryana	—	0.0006
8.	Himachal Pradesh	—	0.0421
9.	Karnataka	—	Nil
10.	Kerala	—	Nil

Circle		Amount (Rs. in Crores)
11. MP	—	0.0023
12. Maharashtra	—	Nil
13. North East	—	Nil
14. Orissa	—	0.0212
15. Punjab	—	0.2000
16. Rajasthan	—	Nil
17. Tamil Nadu	—	0.0045
18. U.P.	—	108.3100
19. West	—	151.7000
GRAND TOTAL	—	487.0800 Crores.

Faulty Telephone Cables in Haryana

†109. SHRI RAMJI LAL: Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether Government have set any target to provide telephone facility in every village of the country;

(b) if so, by when the said target is likely to be achieved; and

(c) by when the faulty cables especially in Haryana will be repaired/changed?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS (SHRI TAPAN SIKDAR): (a) and (b) Yes, Sir. The present plans are to provide telecom facility in every revenue village in the country progressively by March, 2002.

(c) Whenever cable faults occur, prompt action is taken to repair the faulty cables. Only life expired/unserviceable cables are replaced by new cables.

Late Deliveries of Mail

110. SHRI RAJNATH SINGH SURYA: Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether it is a fact that 48 to 78 percent mails was being delivered late as per the standards of the Department of Posts itself;

†Original notice of the Question was received in Hindi.